

Message Text

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11

ACTION IO-10

INFO OCT-01 CIAE-00 CU-04 INR-07 NSAE-00 USIA-15 AF-06

ARA-10 EA-10 EUR-12 NEA-10 ISO-00 TRSE-00 ABF-01

OMB-01 L-03 XMB-04 FRB-01 AID-05 /100 W

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P 220922Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 1475

UNCLAS SECTION 01 OF 02 PARIS 18852

NESCO

E.O. 11652: N/A

TAGS: UNESCO, US

SUBJECT: UNESCO LETTER TO MEMBER STATES RE NON INTEREST
LOANS

1. PERMDEL HAS RECEIVED COPY OF LETTER FROM DG M'BOW,
TO ALL MEMBER STATES SEEKING NON INTEREST LOANS TO
MAKE UP FOR SHORTFALL CAUSED BY US AND OTHERS NON PAY-
MENT OF ASSESSMENT. ORIGINAL OF LETTER SENT DIRECTLY
BY UNESCO TO DEPARTMENT BY MAIL. TEXT REPEATED HERE
INSURE SPEEDY TRANSMITTAL:
BEGIN TEXT: I HAVE THE HONOUR TO DRAW YOUR ATTENTION
TO A SITUATION WHICH I FEAR COULD COMPROMISE THE EX-
ECUTION OF THE PROGRAMME APPROVED BY THE GENERAL CON-
FERENCE OF UNESCO AT ITS EIGHTEENTH SESSION AND ABOUT
WHICH I INFORMED THE REPRESENTATIVES OF MEMBER STATES AT
THE CLOSING MEETING OF THE SESSION ON 23 NOV. 1974. I
REFER TO THE ORGANIZATION'S CASH SITUATION, WHICH IS
STILL PRECARIOUS AND MAY BECOME CRITICAL DURING THE
SECOND HALF OF 1975.

IT IS TRUE THAT MANY MEMBER STATES HAVE PAID THEIR CON-
TRIBUTIONS FOR 1975 EARLIER THAN USUAL AND SOME EVEN
HAVE ALREADY PAID THEIR DUES FOR 1976; BUT NOT ALL
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MEMBER STATES HAVE YET PAID THEIR 1975 CONTRIBUTIONS

IN FULL, AND SOME HAVE AS YET MADE NO PAYMENT AT ALL. THESE LATTER, AS YOU WILL SEE FROM THE ATTACHED TABLE, INCLUDE MEMBER STATES WHOSE CONTRIBUTIONS TO THE ORGANIZATION'S BUDGET ARE VERY SUBSTANTIAL: IN ONE CASE THE SHARE AMOUNTS TO NO LESS THAN 25 PERCENT OF THE TOTAL CONTRIBUTIONS TO THE REGULAR BUDGET, OR \$19,472,500 PER ANNUM. FROM UNOFFICIAL CONVERSATIONS I HAVE HAD WITH THE REPRESENTATIVES OF SOME OF THOSE STATES WHOSE PARLIAMENTS HAVE VOTED TO SUSPEND OR TO REDUCE THEIR CONTRIBUTIONS TO THE ORGANIZATION'S BUDGET FOLLOWING CERTAIN DECISIONS TAKEN BY THE GENERAL CONFERENCE AT ITS 18TH SESSION, IT IS CLEAR THAT THERE IS LITTLE REASON TO EXPECT ANY CHANGE BETWEEN NOW AND THE END OF THE YEAR, OR PERHAPS EVEN LATER.

IT IS TRUE THAT THE GENERAL CONFERENCE, AT ITS 18TH SESSION, BY RESOLUTION 21.32, AUTHORIZED "THE DIRECTOR GENERAL, WHEN IT BECOMES NECESSARY TO NEGOTIATE AND CONTRACT SHORT-TERM LOANS WITH LENDERS OF HIS CHOICE TO ENABLE THE ORGANIZATION TO MEET ITS FINANCIAL COMMITMENTS DURING 1975-76 SHOULD THE WORKING CAPITAL FUND AND OTHER AVAILABLE CASH RESOURCES OF THE ORGANIZATION IS EXHAUSTED".

NEVERTHELESS, AT A TIME WHEN INTEREST RATES ON LOANS ARE SO HIGH, I SHOULD BE MOST RELUCTANT TO CONSIDER SEEKING A LOAN ON THE MONEY MARKET, AND WOULD DO SO ONLY IF ABSOLUTELY NECESSARY AS THIS WOULD MERELY HAVE THE EFFECT OF PLACING AN EVEN HEAVIER BURDEN ON THE ORGANIZATION'S FINANCES.

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P 220922Z JUL 75
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 1476

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NESCO

IT IS FOR THIS REASON THAT, KNOWING YOUR KEEN INTEREST IN SEEING UNESCO'S WORK CONTINUED NORMALLY, I AM TAKING THE LIBERTY OF ASKING YOU, AS I AM ASKING THE OTHER MEMBER STATES, IF YOUR GOVERNMENT WOULD BE PREPARED TO GRANT THE ORGANIZATION AN INTEREST-FREE LOAN IN ORDER TO COVER TEMPORARILY PART OF ITS CASH REQUIREMENTS.

IN VIEW OF THE FACT THAT IT MAY PROVE NECESSARY TO HAVE RECOURSE TO EXTERNAL SOURCES OF FINANCE AS EARLY AS AUGUST OF THIS YEAR, I SHOULD BE PARTICULARLY GRATEFUL TO RECEIVE YOUR GOVERNMENT'S REPLY AS SOON AS POSSIBLE. I SHOULD PARTICULARLY LIKE TO KNOW THE AMOUNT OF ANY LOAN WHICH YOUR GOVERNMENT MIGHT BE PREPARED TO GRANT AND THE DATE ON WHICH IT COULD BE MADE AVAILABLE TO THE ORGANIZATION. IT GOES WITHOUT SAYING THAT THE SUMS THUS RECEIVED WILL BE REPAID AS SOON AS THE ORGANIZATION'S CASH POSITION PERMITS. IN THIS RESPECT, IT SHOULD PERHAPS BE NOTED THAT ALL MEMBER STATES WILL NECESSARILY HAVE TO PAY THEIR CONTRIBUTIONS TO UNESCO'S BUDGET IN FULL SOONER OR LATER, UNLESS THE GENERAL CONFERENCE DECIDES OTHERWISE. FOR IT IS THE GENERAL CONFERENCE, AND THE GENERAL CONFERENCE ALONE, WHICH VOTES THE ORGANIZATION'S BUDGET AND ESTABLISHES THE SCALE OF ASSESSMENTS FOR MEMBER STATES. AND, AS YOU KNOW, THE ORGANIZATION'S

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BUDGET OF 1975-76 WAS APPROVED AT ITS 18TH SESSION BY THE GENERAL CONFERENCE WHICH, AT THE SAME TIME, BY RESOLUTION 21.11, ESTABLISHED THE SCALE OF ASSESSMENTS FOR MEMBER STATES.

I SHALL BE MOST GRATEFUL FOR YOUR FAVOURABLE CONSIDERATION OF THIS LETTER. SIGNED AMADOU-MAHTAR M'BOW.
END TEXT.
GAMMON

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To: STATE
Type: TE
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